

## ***Audit Committee Terms of Reference***

### ***Role***

The primary role of the Audit Committee is:

- To monitor the Company's<sup>1</sup> financial reporting process and the integrity of the Company's financial and narrative statements;
- To monitor the Company's internal control and risk management systems and internal audit process; and
- To oversee and monitor the audit of the Company's financial statements and the independence of the external auditors.

### ***Duties***

#### **Financial Reporting**

1. Monitor the integrity of the Company's financial statements and any formal announcements relating to the Company's financial performance and to review:
  - (i) any significant financial reporting issues, judgements and estimates;
  - (ii) significant adjustments resulting from the external auditor;
  - (iii) the consistency, quality and appropriateness of accounting policies;
  - (iv) the methods used to account for significant or unusual transactions where different approaches are possible;
  - (v) the clarity and completeness of financial reporting disclosures; and
  - (vi) the valuation process and effectiveness of the Company's valuers.
2. Review the content of the Annual Report and Accounts and advise the Board on:
  - (i) The appropriateness and assumptions made in support of, the going-concern statement and the longer-term viability statement in the Annual Report and Accounts; and
  - (ii) Whether, taken as a whole, the Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
3. Approve, on behalf of the Board, the statements included in the Annual Report and Accounts relating to the effectiveness of the Company's internal controls and risk management systems.
4. Compile a report on the activities of the Committee for inclusion in the Annual Report.

#### **Internal controls, risk management and compliance**

5. Oversee the assessment of the principal and emerging risks facing the Company (including those risks that would threaten the Company's business model, future

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<sup>1</sup> References to 'Company' refer to the British Land parent company and subsidiary entities.

performance, solvency or liquidity and reputation), that procedures are in place to identify emerging risks and the actions being taken and planned to mitigate such risks.

6. Oversee and monitor the Company's risk exposure and recommend to the board for approval the Company's risk appetite.
7. Consider and advise the remuneration committee on the alignment of remuneration with the Company's risk appetite.
8. Review and monitor, on behalf of the Board, the Company's internal controls and risk management systems. At least annually carry out a review of the effectiveness of these systems including reviewing any assurance reports from management, internal audit or others on the effectiveness of such systems.
9. To approve operational management policies including any policy governing the treasury activities such as liquidity management, liability risk management, interest rate management and foreign currency management (including delegation of authority to any committee, director or member of senior management to undertake and sign documentation in relation to derivatives transactions).
10. Review the overall levels of insurance for the Group.
11. Review and monitor the Company's policies and procedures for compliance with laws, regulations and ethical codes of practice including, at least annually, reviewing systems and procedures for detecting fraud and preventing bribery and corruption and receiving reports on non-compliance.
12. Review the Company's arrangements for its workforce to raise concerns, in confidence and anonymously, about possible wrongdoing in financial reporting or other matters and receive regular reports on any material concerns raised and the resolution of those concerns.
13. Receive assurance reports from management on the effectiveness of internal control and satisfy itself that these sources of assurance and information are sufficient. Review the timeliness of, and reports on, the effectiveness of corrective action taken by management in response to any internal or external recommendation.

#### **Internal Audit**

14. Approve the arrangements for the provision of internal audit services to the Company and any termination of such arrangements.
15. Review and approve the Internal Audit Charter and internal audit work plan, receive periodic reports on the work performed and monitor management's response to internal audit findings and recommendations.
16. Meet regularly with the internal auditor and, at least once a year without management present.
17. At least once a year review the effectiveness of the internal audit services provided to the Company and satisfy itself that the internal auditor has the necessary resources and access to management and has adequate standing to perform its function effectively.

18. Review coordination between internal audit and external audit.

### **External Audit**

19. Make recommendations to the board in relation to the appointment, re-appointment and removal of the Company's external auditors. Ensure the external audit is put out to tender at least once every ten years and, in respect of such tender, conduct such tender process and develop and oversee the selection process.

20. Oversee the relationship with the external auditor including:

- (i) reviewing and approving the annual audit plan, engagement letter and fees for audit and non-audit work;
- (ii) reviewing annually the effectiveness of the audit process and the qualifications, expertise and resources of the external auditor;
- (iii) developing and recommending to the board policies on non-audit services and employment of former employees of the external auditor;
- (iv) assessing auditor independence and objectivity taking into account any relationships that exist between the external auditor and the Company and the nature of any non-audit services; and
- (v) monitoring the external audit firm's compliance with applicable professional ethical standards for auditors.

21. Review the findings of the audit including any major issues that arose during the audit, key accounting and audit judgements and any errors identified. Review the auditor's report and management letter (including management's responses to findings and recommendations).

22. Meet regularly with the external auditor and, at least once a year, without management present.

### **General**

23. The Committee will:

- report formally to the board on how its duties have been discharged, as agreed with the board;
- receive regular reports from the Risk Committee;
- review annually the Committee's effectiveness and terms of reference and recommend any changes to the terms of reference for approval by the board;
- consider appropriate training for any members of the Committee; and
- give due regard to applicable laws, regulations, codes and any other rules.

24. The Committee may delegate any or all of its powers and authorities set out in these terms of reference to a sub-committee of the Audit Committee

25. The following governance matters are dealt with in the Audit Committee's Governance Protocols included as an appendix to this document:

- Membership and quorum;
- Secretary, notice of meetings and minutes of meetings;



- Frequency of meetings and attendees;
- Information and advice.

**Approved by the Board of Directors on 17 March 2022**

## ***Appendix: Governance Protocols***

<b>Membership, quorum and voting</b>	<ul style="list-style-type: none"> <li>• The Committee shall have a minimum of three members.</li> <li>• Members shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the Audit Committee Chair.</li> <li>• The Chairman of the Board shall not be a member of the Audit Committee.</li> <li>• The Audit Committee Chair shall be appointed by the Board and should attend the annual general meeting.</li> <li>• Each member of the Committee shall have one vote.</li> <li>• All members of the Committee are required to be independent non-executive directors, at least one of whom should have recent and relevant financial experience which will ideally be a professional qualification from a recognised accounting body. The Committee as a whole shall have competence relevant to the sector in which the Company operates.</li> <li>• A quorum shall be two members. In the absence of the Committee Chairman, the remaining members present shall elect one of themselves to chair the meeting.</li> </ul>
<b>Secretary, notice of meetings and minutes</b>	<ul style="list-style-type: none"> <li>• The Company Secretary, or his or her nominee, shall act as the secretary.</li> <li>• At least five working days' notice will be given of all meetings unless all members agree to shorter notice.</li> <li>• The secretary will minute the proceedings of each meeting which will be circulated to all members unless the Audit Committee Chair considers this inappropriate.</li> </ul>
<b>Frequency of meetings and attendees</b>	<ul style="list-style-type: none"> <li>• The Committee shall meet at least three times a year. Only members of the Committee are entitled to attend and vote at meetings. The Audit Committee Chair may invite any employee or third party to attend any meeting of the Committee.</li> </ul>
<b>Information and advice</b>	<p>The Committee is authorised to:</p> <ul style="list-style-type: none"> <li>• Investigate any activity within its terms of reference;</li> <li>• Seek any information it requires from any employee of the company in order to perform its duties;</li> <li>• Have direct access to the Director of Group Finance, Internal and External Auditors;</li> <li>• Obtain at the Company's expense, independent legal, accounting or other professional advice on any matter it believes necessary to do so; and</li> <li>• Call any employee to attend and answer questions at any meeting of the Committee.</li> </ul>